

Sheakley Flexible Benefits Division

Section 125 Healthcare and Dependent Care Reimbursement



The Flexible Spending Account Program

- Healthcare Reimbursement
- Dependent Care Reimbursement
- Pre-taxed Premiums
(Medical, dental, disability, group life up to 50K)

Who would want to participate in the plan?

Anyone who has regular, planned, or predictable out of pocket expenses for any of the following kinds of expenditures should consider opening an FSA:

- Healthcare costs that are not reimbursed such as medical deductibles, co-pays, and prescriptions.
- Child and dependent care cost.

Give yourself a raise by increasing your take home pay

John and Susan Jones both work. He earns \$3,000.00 a month and pays \$100.00 for family health insurance premiums. They spend \$200.00 a month for child care. John and Susan estimate \$25 a month in “out of pocket” expenses for dental, eye care, and medical services.

Two-Income Family - John elects these deductions from his income pre-tax:

■ Premiums	\$100.00
■ Child Care	\$200.00
■ Healthcare	\$ 25.00
■ Total	\$325.00

Example - Employees Savings

Without FSA

\$3,000.00
- 0.00
\$3,000.00

- 271.25
- 229.50
-97.11

\$2,402.14
- 325.00
\$2,077.14

John's Monthly Salary
Less Pre-Tax Deduction
Adjusted Gross Salary

Deduct Federal Tax
SS/Medicare
Deduct State Tax**
Net Paycheck
Less After-Tax deductions
Income

With FSA

\$3,000.00
- 325.00
\$2,675.00

- 229.12
- 204.64
-81.36

\$2,159.88
- 0.00
\$2,159.88

**JOHN WILL SAVE \$82.74 EACH MONTH AND \$992.88 A YEAR
BY PARTICIPATING**

Healthcare Reimbursement

- Healthcare Reimbursement enables you to deduct on a pre-tax basis medical, dental, and vision expenses not covered by your insurance program.
- The maximum annual amount allowable is \$2,500.00.
- Coverage is for you, your spouse, and any dependents.

Healthcare is reimbursed based on your available account balance. Your account balance is determined as follows:

Annual election less total claims paid.

Some of the Expenses Covered Under Healthcare

- Acupuncture
- Alcohol/Drug Treatment Centers
- Ambulance
- Anesthesiologist's Fees
- Christian Science Practitioner's Fees
- Chiropractic
- Contact Lenses
- Co-Payments
- Crutches
- Deductible
- Dental Services
- Dermatologist's Fees
- Diabetic Supplies
- Diagnostic, Lab, X-rays
- Eye Exams & Glasses
- Fertility Treatments
- Home Modifications To Accommodate Handicapped
- Neurologist's Fees
- OB/GYN Treatments
- Office Visits
- Orthodontia
- Over-the-Counter Items (Only Eligible with a Prescription From Medical Doctor)
- Pediatrician's Fees
- Podiatrist's Fees
- Prescriptions
- Psychiatrist's Fees
- Routine Care
- Stop Smoking Programs
- Vision Correction - Procedures

Dependent Care Reimbursement

Dependent Care Reimbursement enables you to deduct childcare (daycare) or elder care expenses up to \$5,000.00 a year per family, before taxes.

- A dependent must be either under age 13 or disabled at any age.
- This benefit allows you to be reimbursed for child care expenses incurred while you and your spouse work or attend school.
(Social events not applicable)
- Expenses cannot exceed the lower income of either spouse.
- If using a daycare center it must be licensed.
- A dependent relative under age 19 *may* not provide baby-sitting services.
- Overnight camps are not eligible.

Dependent Care Reimbursement

(Continued)

After school programs, summer day camp, and elder care are eligible. By participating in this plan you are reducing your total child care tax credit by the amount in which you elect. Please note that educational expenses are not eligible, including kindergarten.

Dependent Care is reimbursed based on your total claims submitted and your account balance. Your account balance is determined as follows:

Total contributions less total claims paid.

Key Information about Dependent Care

- Dependent care reimbursements must be for expenses incurred during the period of coverage.
- If you are participating in the program, information on the balance of your account will be listed on all reimbursement stubs.
- Additionally, a statement will be posted to your online account towards the end of the plan year. The statement will show your annual election, payments made to you, and total claims processed. It will also indicate the final date that claims can be received for that plan year.

How to Enroll

- Complete the enrollment form which is in your enrollment kit. You may use the healthcare worksheet and/or dependent care worksheet to determine what your annual elections will be.
- Be conservative in your estimates. Once you have elected to participate, your election will not change unless there is a qualifying event.

The following are qualifying events:

Marriage

Divorce

Death

Birth/Adoption

Change in you or your spouse's employment status

Reimbursement Requests

- All reimbursements require a signed claim form and third-party documentation reflecting the date of service, type of service and the amount you are responsible to pay. For dependent care reimbursement, a providers signature on the claim form can substitute for third-party documentation.
- All services submitted must be incurred during the coverage period. (Incurred is defined as when services were provided and not when payment was made.)
- Claims may be submitted at any time during the coverage period. In general, there is a 90 day grace period after the coverage period ends to submit claims.

New 2 ½ Extension Rule for Incurring Claims

Workers who are unable to spend their funds prior to the end of the plan year, now have an extra 2 1/2 months, after year-end, to incur eligible expenses before being forced to forfeit unused funds.

It is essential to understand that the use-it-or-lose-it rule still exists, but the extension greatly softens the blow by allowing you more time to use your unspent FSA balances.

How the 2 ½ Extension Works

Let's say you miscalculate and wind up with a leftover FSA balance of \$500 on December 31, 2012. Under the new IRS guidelines, you have until March 15, 2013 to incur enough qualified expenses to use up your \$500 balance.

The 90 day grace period deadline will still end March 31st to turn in any expenses you want applied to the 2012 plan year.

Claims will be applied to the 2012 plan year first. Then, any remainder will be applied to the 2013 plan year.

Use it or Lose it Rule and Termination

- After the grace period all remaining funds in the healthcare or dependent care accounts will be forfeited. All claims must be received by our office, or postmarked by the last day of the grace period.
- In the case of termination of employment, your termination date will be defined as the last day of the month in which the final FSA deduction was withheld from your paycheck. Only expenses incurred prior to your termination date will be eligible.



How to File a Claim

Complete the Online Claim Form. (In order to complete this form, you must be registered online. The instructions on how to register are included in your enrollment packet).

Attach documentation for each service. Documentation must include the type and date of service and the amount you are responsible to pay. **Please send copies only, as originals should be maintained for your records.**

Claims may be mailed **or** faxed:

Fax claims to: (513)326-8082
Mail claims to: Sheakley
Flexible Benefits Division
One Sheakley Way
Cincinnati, OH 45242

Confirmation of faxed claims can be viewed 24-48 hours after submission by visiting our website at www.sheakley.com.

www.sheakley.com



Payment Processing

- Checks will be processed on Wednesday and Friday mornings at approximately 9:30 a.m. EST. Checks are mailed the following business day from our corporate office in Cincinnati, Ohio.
- Direct deposit will be deposited into your account within 7 days of the processing date (check-run).
- In order for a claim to be processed for the Wednesday check-run the claim must be received by 5:00 p.m. EST on Monday.
- In order for a claim to be processed for the Friday check-run the claim must be received by 5:00 p.m. EST on Wednesday.



Customer Service

A customer service representative is available to assist with any questions or concerns regarding your Flexible Benefit Plan.

Customer service representatives are available Monday through Friday from 8:00 a.m. - 5:00 p.m. EST.

1-800-877-6630 or 125@sheakley.com